



U.S. Department of the Interior
"To-Be" Trust Business Model
Process Template

Title: Perform Production Accountability Audit

Identify the process in the "Verb Noun" format. (Ex: Maintain Ownership)

Process Number

UM.4.6.4

1. Process Definition *Provide an overview of the process and define its starting and ending points*

1.1 Starts With	Receive production accountability audit request.
1.2 Process Overview	<p>Receive a production accountability audit request when it is determined that differences in source production records used to confirm production-based revenue meet one of two conditions:</p> <ul style="list-style-type: none">• Differences are relatively small for each production period, but frequent enough and material enough over time to warrant further investigation and trend analysis to determine root cause and beneficiary impact.• Differences are material, and even if explanation is justified, are substantial enough to warrant further investigation to determine root cause and prevent further material discrepancies. <p>Auditors perform any investigative activities deemed necessary, including physical site inspections, gathering additional independent source data to validate existing source production data or explain discrepancies, and assist in trend analysis to determine if discrepancies consistently provide downward adjustments to beneficiary interests. This is a more detailed reconciliation than previously performed and usually covers a broader period of time, e.g. months or years of production, and expands its scope of parties who may provide relevant information.</p> <p>A Production Accountability Audit report is prepared. Differences within the predefined tolerance are explained and the production basis to be used for payment is approved. Where differences exceed expectations, an agreement is reached with the operator on adjustments to be made, either to production reporting for the period, or to the remittance amount (or credit). Where the difference requires a change to the production period, a production reporting adjustment request is submitted in order to initiate a financial adjustment (invoice or credit) to the operator. The Production Reconciliation documents the root cause of the exception and the exception resolution.</p>
1.3 Stops With	Prepare Production Reconciliation report.



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2. Trust Business Objectives *Identify the Comprehensive Trust Model strategic goals and business objectives to which this process contributes.*

Goal/Objective
GOAL 4: LAND AND NATURAL RESOURCES MANAGEMENT THAT MAXIMIZES RETURN WHILE MEETING BENEFICIARY DESIRES
OBJECTIVE 4.1: LAND AND NATURAL RESOURCE ASSET PLANS AND STEWARDSHIP STRATEGIES Develop land and natural resource asset plans and stewardship strategies.
OBJECTIVE 4.2: PRESERVATION AND PROTECTION OF LAND AND NATURAL RESOURCE ASSETS Preserve and protect the long-term viability of land and natural resource assets consistent with fiduciary duties and with the beneficiaries' intended use of the assets.
OBJECTIVE 4.3: LAND AND NATURAL RESOURCE ASSET BUSINESS MANAGEMENT Manage land and natural resource assets effectively and proactively to obtain fair market value for beneficiaries and to incorporate beneficiary requirements.
OBJECTIVE 4.4: APPRAISALS Obtain appraisal information, as needed, on trust and restricted lands for tribal and individual Indian owners, using methods and techniques that meet professional standards.
OBJECTIVE 4.5: FRACTIONATION STRATEGY Develop and implement a resolution, which reduces or eliminates the exponential increase in the number of ownership interests in land.

3. How should Beneficiaries be involved in this process?

Beneficiary Involvement
None



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4. Organizations, Offices and Roles. *Identify the DOI organizations and related roles that should be involved in performing the process.*

4.1 DOI Organizations. *Identify the DOI organizations, offices and individual roles that contribute to this process.*

DOI organizations include the Office of the Secretary, BIA, OST, BLM, MMS, OHA, OSM among others.

Offices include Central Offices, Regional Offices, Agency(Field) Offices, etc.

All individual roles that contribute, in a significant manner, should be identified.

Organization	Office	Role	Contribution
BIA	Agency or Regional Office		Perform production accountability audit. Create production reporting adjustment request where appropriate.
OST	Central office		Receive production adjustment request (operator invoice/credit) where appropriate.

4.2 External Organizations. *Identify the non-DOI organizations that support the execution of or contribute to this process.*

External Organization	Contribution
Land use contract operator	Agree to any production adjustment request.
Independent production measurer	Assist in resolving production discrepancies.

5. Event(s) *Identify the events or conditions that start the process. Describe each event and indicate the frequency (daily, monthly, quarterly, etc.) in which each event is expected to occur. An event may be an external interaction (a beneficiary submits an application), the expiration of a period of time (a lease is due to expire in 90 days), or the realization of some pre-defined threshold (an IIM account reaches the automatic disbursement threshold).*

Event	Description	Estimated Frequency
Receive Production Accountability Audit request		



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6. Inputs and Outputs. *Identify and describe all inputs and outputs related to this process. Inputs are information or materials used during the execution of the process; outputs are materials or information produced by the process.*

6.1 Inputs

Input	Description
Independent production ticket	Ticket of production information produced by independent measurer or recipient of production inventory.
Operator Production Report	Production report from operator of land use contract.
Land use contract terms (Production tolerance)	Production-based-revenue terms and production discrepancy tolerances from BIA approved land use contract, or created from monitoring and assessment of the Management Unit (UM.4.1 and UM.4.3).
Independent production valuation	Independent sources for production value, where specified as the basis for revenue in the land use contract. For example, where a separately published rate by commodity and grade is used to value the production volume (industry sources, mercantile commodity exchange, etc.).
Operator Royalty Report, or Fund Remittance Report (by production period)	Report of financial receipts of operator-submitted production-based revenue, escrow account status (e.g. forestry accounts).
Production accountability audit request	When a production adjustment request has been made, and discrepancies are frequent or large enough to warrant a more detailed investigation and audit of production source data.

6.2 Outputs

Output	Description
Production Accountability Audit Report	Describes root cause of exception(s), agreed resolution for adjustments to production and / or remittance. Specifies any recommendations for further land or use contract monitoring, or any contract modifications.
Production Adjustment Request	Request issued to source of production report needing modification for the designated production period.



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7. Fiduciary and Legal Obligations and Controls

7.1 Obligations

Identify and describe the legal and fiduciary obligations that impact this process. For each obligation, indicate the document or commitment that defines the obligation and the citation (paragraph or section) within the document that pertains to this process.

Obligation	Source	Business Impact
See attached Schedule 1		

7.2 Controls

Identify and describe any controls (enforcement mechanisms) that may be used to ensure that the process adheres to obligations and internal process requirements. Controls may be reviews, audits, segregated duties, etc. Indicate the reason that each control should be introduced (name the obligation that a control is intended to enforce; indicate any controls required to ensure consistency or reliability).

Control	Reason	Description
BIAM	Internal control	Policies and procedures

8. Mechanisms (Systems of Record)

Identify the mechanisms, or systems, that are needed to support the process (ex: Ownership, Leasing, Workflow Management, Office Filing System, etc.). Indicate the information and activities, relevant to this process, that each system supports.

System Name	Support
Workflow engine	Supports electronic procedure continuity between various geographically and organizationally disparate offices, particularly between BIA, OST and MMS resources and their respective offices, as well as automated communications and communication audit trail with external third parties such as land use contract operators and independent production reporters. Capabilities include passing procedural workflow activities with corresponding attached electronic documents, as well as indices to authorized user-application-access-only information.
Land use contract system(s)	Program-specific leasing, permitting, and other land-use contracts with contractual terms and conditions, as well as the support of contract audits and documentation of audit result relating to operational and financial compliance.
Funds receivable system	Trust system supporting recordation of all receivables and remittances of funds and compensation related to the Trust or Trust assets, inclusive of funds which may not be Trust money (e.g. deposits).
MMS production reporting system	Supports recordation of all mineral, oil & gas production reporting and reconciliation, including tracing all transactions with accurate descriptions to an explanation of benefits for the Beneficiary Statements.



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System Name	Support
Production reconciliation system	System is designed to provide functions for land use contracts resulting in production-based revenue. Supports automated matching of various production reports, automated matching of production reports to operator remittances as recorded by the Financial Receivables system, flags any exceptions to the matching which are not within prescribed tolerances, supports reconciliation and documentation of reconciliation explanations of exceptions, and supports automated interface to the Financial Receivables system for billing/crediting any production adjustments to the land use contract operator.

9. Inter-Process Relationships Identify other trust processes that are related to this process (either predecessors or successors). If applicable, indicate the condition under which the processes are related.

9.1 Predecessors. Predecessors are processes that either produce information required by this process or that result in the need to execute this process.

Process No.	Name	Condition of Relationship
UM.4.6.3	Reconcile Production	Non-compliance and reconciliation issues are material or frequent enough to merit an audit.
FO.1.3	Reconcile Exceptions and Produce Report	Non-compliance and reconciliation issues are material or frequent enough to merit an audit.

9.2 Successors. Successors are processes that either use information produced by this process or that must be executed as a result of performing this process.

Process No.	Name	Condition of Relationship
None		

10. Comments Summarize any discussion, problems, issues or recommendations that should be considered when reviewing process performance. Category Values (Note, Best Practice, Decision, Problem, Issue, Recommendation)

Category	Comment
	None